



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa**

October 3, 2007

BOARD MEMBERS PRESENT

Kay Anderson, Chair (via telephone)
Roger Caudron, Vice Chair
Carmela Brown, Treasurer
Steven Adams (via telephone)

Heather Armstrong (formerly Heather Kramer)
Virginia Bordwell (via telephone)
David Erickson
Douglas Walter (via telephone)

STAFF MEMBERS PRESENT

Bret Mills, Executive Director
Kim Axtell, Member Services Manager
Lori Beary, Community Development Director
Roger Brown, Director of Housing Program
Compliance
Kerry Carman, IT Project Leader
Rose Creason, Administrative Assistant
Leo Duffy, Architect/Construction Analyst
Regina Duggan, Contract Specialist
Mark Fairley, Finance & Investment Manager
Gabe Fleming, Network Specialist
Raj Goel, Staff Accountant
Steven Harvey, Director of Operations
Joseph Jones, Director of Governmental
Affairs
Shawna Lode, Communications Director
Julie Lunn, Housing Compliance Specialist

Susan Mock, Administrative Assistant
Sharon Murphy, Housing & Grants Specialist
Joyce Newell, Accounting Manager
Julie Noland, Senior Technical Analyst
Lloyd Ogle, Director of Title Guaranty Division
Carla Pope, Director of Affordable Rental
Production
Callie Rasmussen, Administrative Assistant
Terri Rosonke, Affordable Assisted Living
Coordinator
Tracy Scebold, SRF Manager
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Dave Vaske, Tax Credit Manager
Carole Vipond, Funding Specialist
Nancy Wallis, Administrative Assistant
Christine Wetzler, Human Resources Manager

OTHERS PRESENT

Erin Andrew – Office of the Governor
Kristi Boyce – Wells Fargo Bank Iowa, NA
Bob Burns – Burns & Burns, L.C.
Joni DeVries – Wells Fargo Bank Iowa, NA
Dave Epley – House Democratic Research Staff
Scott Fitzpatrick – National Equity Fund
Tim Fox, Charles City Area Development
Corporation

Darla Giese – Dorsey & Whitney Law Firm
Shallee Keenan – Midwest Housing Equity
Group
Bill Luchini – Capstone Development
Ron Pogge – Hopkins & Huebner Law Firm
Kyle Rice – State Treasurer's Office
Kate Ridge – National Affordable Housing
Foundation

CALL TO ORDER

Because Chair Anderson was not present in person, Vice Chair Caudron called to order the October 3, 2007, regular meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:50 a.m. Roll call was taken and a quorum was established with the following members present: Adams, Anderson, Armstrong, Bordwell, Brown, Caudron, Erickson and Walter.

Mr. Thompson reported that the meeting would be considered an electronic meeting because there was not a quorum present in person. The meeting was held electronically due to scheduling conflicts of the Board members.

REVIEW AND APPROVAL OF MINUTES

September 12, 2007, Minutes

Vice Chair Caudron introduced the minutes of the September 12, 2007, meeting of the IFA Board of Directors. He noted that the Finance and Accounting section on the third page had been corrected to refer to the “July Financial Statements” rather than “August Financial Statements.”

MOTION: On a motion by Mr. Erickson and a second by Ms. Bordwell, the Board unanimously approved the minutes of the September 12, 2007, Board meeting as corrected.

ADMINISTRATION / MANAGEMENT REPORT

Mr. Mills said he would like to change the order of the agenda and present his summary and overview prior to recognizing staff for their years of service.

Summary & Overview

Mr. Mills reported that Monday, October 1, 2007, marked the first anniversary of IFA occupying the current office space. He thanked Mr. Harvey and Ms. Rachael Hoffman for coordinating the rehab of the building, and Mr. Carman and the IT team for their work in coordinating the workstations set-up.

Mr. Mills announced that Mr. Joe O’Hern and Ms. Irene Hardisty, both formerly with Fannie Mae’s Des Moines office, would begin working with IFA on Friday, October 5, 2007. He noted that Fannie Mae has closed the Des Moines office, along with about 40 other offices around the country. Mr. Mills stated that Ms. Hardisty would be Director of IFA’s Single-Family Production team and Mr. O’Hern will be the Director of HousingIowa, a collaborative initiative of public/private housing efforts around the state.

Mr. Mills said the Board will participate in an all-day training session on December 4, 2007, in IFA’s presentation room.

Years of Service Recognition for IFA Staff

Mr. Mills announced that Ms. Mickey Carlson would receive her PhD on Saturday, October 6, 2007, in Cincinnati, Ohio. He congratulated her on that accomplishment.

Mr. Mills and Mr. Caudron presented certificates to the following staff members for their years of service to IFA and the citizens of Iowa:

5 Years of Service: Roger Brown, Kerry Carman, Rose Creason, Regina Duggan, Gabe Fleming and Callie Rasmussen. Lisa Braunschweig and Lisa Strait were not present to receive their certificates.

10 Years of Service: Mark Fairley

15 Years of Service: Kim Axtell and Carole Vipond

20 Years of Service: Raj Goel and Joyce Newell

They then presented a certificate to Ms. Lunn, who has resigned from IFA to work with the HOME program at the Iowa Department of Economic Development.

Mr. Mills also recognized the following staff members: Lisa Strait for 25 years of service with the State of Iowa, Shawna Lode and Tracy Scebold who will receive the Golden Dome Governor's Excellence Award, and Leo Duffy who will receive the Golden Dome Volunteer Award. He noted the Golden Dome award ceremony will be held in the Capitol rotunda on October 9, 2007.

LEGAL / REGULATORY

Resolution Adopting 2008 State Housing Trust Fund Allocation Plan for Project-Based Housing Program, Including Final Adoption of Amendment of Chapter 19 of Administrative Rules

Mr. Thompson introduced the resolution as the final step in separating the State Housing Trust Fund into a Local Housing Trust Fund Program and a Project-Based Housing Program. He explained that the rules will be filed with the Administrative Rules Coordinator no later than October 5, 2007, and would become effective November 28, 2007.

MOTION: On a motion by Ms. Brown and a second by Ms. Armstrong, the Board unanimously approved the 2008 Allocation Plan for the Project-Based Housing Program.

Notice of Intended Action – Chapter 18, Waivers and Variances

Mr. Thompson introduced the Notice of Intended Action to clarify and streamline the process by which the IFA Board responds to a waiver or variance from rules adopted by IFA. He explained that under the proposed amendments, when IFA receives a request for waiver, the Executive Director or designee will review the request, conduct an investigation as needed, and possibly draft a proposed ruling so when the Board first sees the request, they might have a proposed ruling to help in the decision-making process. Mr. Thompson said the process would not take any authority away from the Board, but would allow them to review the proposal and make suggestions for changes.

Mr. Caudron asked for clarification of the process based on the first paragraph of Section 18.10 of the Notice of Intended Action. Mr. Thompson detailed the process by which the Executive Director might present the Board with a proposed order that they could either accept or modify.

Ms. Bordwell said she wanted to be assured that this amendment would not take control away from the IFA Board. She expressed concern that the public receive adequate notice of such matters and that requests for waivers and variances not be removed from public scrutiny. She asked how this amendment would relate to Title Guaranty. Mr. Thompson said this would not directly affect TGD waivers for title plant because those come under the jurisdiction of the TGD Board.

MOTION: On a motion by Ms. Anderson and a second by Mr. Adams, the Board voted with the following results: YES: Adams, Anderson, Armstrong, Brown, Caudron, Erickson and Walter; NO: Bordwell. On a majority vote, the Board approved the Notice of Intended Action for Chapter 18, Waivers and Variances from Administrative Rules.

Final Adoption – Chapter 25, Entrepreneurs with Disabilities Program

Mr. Thompson introduced the final adoption notice for Chapter 25, Entrepreneurs with Disabilities Program. He reported that no changes have been made from the Notice of Intended Action that the Board approved in August. Mr. Thompson said that if approved by the Board, the rules would become effective on November 28, 2007.

MOTION: On a motion by Mr. Walter and a second by Ms. Armstrong, the Board unanimously approved the adoption of Chapter 25, Entrepreneurs with Disabilities Program.

Final Adoption – Chapter 15, Purchasing

Mr. Thompson introduced the final adoption notice for Chapter 15, Purchasing. He explained that after the Legislature approved IFA's rewrite of Iowa Code Chapter 16, they directed IFA to adopt administrative rules for the use of competitive bidding in the purchase of goods and services, to set forth when formal and informal competitive bidding processes are to be used and to regulate other aspects of purchase contracting by IFA.

MOTION: On a motion by Ms. Armstrong and a second by Mr. Erickson, the Board unanimously approved the adoption of Chapter 15, Purchasing.

Resolution Authorizing Employee Signatures

Mr. Thompson introduced the resolution authorizing specific duties for certain employees. He noted the employees are listed by job title rather than by individual names in order to keep the document relevant for a longer time. Mr. Thompson said that Section 2 allows the Executive Director to make changes as needed for the efficient day-to-day operations.

MOTION: On a motion by Ms. Brown and a second by Ms. Armstrong, the Board unanimously approved the resolution authorizing employee signatures.

FINANCE AND ACCOUNTING

Review of August Financial Statement

Mr. Harvey presented the August financial statement, noting that as a housing agency, IFA's year-to-date revenue is favorable to budget and year-to-date expenses are favorable to budget, except for grant expense related to Single-Family Service Release Premiums.

Mr. Harvey stated that the State Revolving Fund (SRF) is currently unfavorable to budget because IFA has not started drawing the capitalization grants. He said IFA will begin drawing those after the SRF bond issue closes in October.

Mr. Harvey reported that he plans to present a budget revision to the Board in November that adjusts the Multifamily budget due to an error in interest income that was found after the budget was completed.

Approval of August Financial Statement

MOTION: On a motion by Mr. Adams and a second by Mr. Walter, the Board unanimously approved the August financial statement.

ECONOMIC DEVELOPMENT LOAN PROGRAM

Public Hearing for ED Loans #364 and #462, Village Court Project

Ms. Noland asked the Board to hold a public hearing regarding an extension of the maturity of Iowa Finance Authority Small Business Development Multifamily Housing Revenue Bonds for the Village Court Project. She stated the 1985 Series A bonds were originally issued for \$8,000,000 and were used to acquire, construct and equip a 160-unit multifamily housing project at 5914 Greendale Place in Johnston. Ms. Noland said the 1985 Series B bonds were originally issued for \$15,000,000 and were used to acquire, construct and equip a 260-unit apartment complex at 6031 Meadowcrest in Johnston.

Public Hearing: Vice Chair Caudron opened a public hearing at 11:24 a.m. regarding the extension of the maturity of Iowa Finance Authority Small Business Development Multifamily Housing Revenue Bonds for the Village Court Project. Ms. Noland said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Caudron closed the public hearing at 11:25 a.m.

ED Loan #07-34, Christensen Farms Project

Ms. Noland introduced an application and inducement resolution for \$10,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Christensen Farms Project in Forest City, Winnebago County. She said the name of the project was misspelled on the agenda. Ms. Noland reported that the bonds will be used to construct and equip a feed mill including a processing component, office, warehouse and truck stop. She noted the project will require Private Activity Bond Cap.

RESOLUTION #07-34A

MOTION: Mr. Adams made a motion to approve an application for \$10,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Christensen Farms Project), Series 2007, for Christensen Farms & Feedlots, Inc. and Christensen Farms Midwest, LLC (collectively, the “Borrowers”), and evidencing the intent to proceed with the issuance of \$10,000,000 of Manufacturing Facility Revenue Bonds. On a second by Ms. Armstrong, the Board unanimously approved Resolution #07-34A.

ED Loan #07-07, War Eagle Village Apartments Project

Ms. Noland introduced an authorizing resolution for \$7,000,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for the War Eagle Village Apartments Project in Sioux City, Woodbury County. She reported the bonds will be used for the acquisition and rehabilitation of a 101-unit multifamily apartment complex known as War Eagle Village, which is in the Section 8 Affordable Housing Program and has a HAP contract in place. Ms. Noland

noted that the Board adopted the inducement resolution on March 14, 2007, and held a public hearing on September 12, 2007. The project will require Private Activity Bond Cap.

RESOLUTION #07-07B

MOTION: Ms. Brown made a motion to approve the resolution authorizing the issuance of not to exceed \$7,000,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds or Notes (War Eagle Village Apartments Project) in one or more series for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds or notes; authorizing the sale of the bonds or notes; authorizing the appointment of a trustee; and related matters. On a second by Ms. Bordwell, the Board unanimously approved Resolution #07-07B.

ED Loan #07-25, Edgewater Project

Ms. Noland asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$90,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds for the Edgewater Project in Dallas County. She announced that the bonds will be used for the construction of a new senior living community (a Wesley Active Life Community project) consisting of 151 independent living units, 32 assisted living units, 16 memory assisted units and 40 skilled nursing units.

Public Hearing: Vice Chair Caudron opened a public hearing at 11:28 a.m. regarding the issuance of an amount not to exceed \$90,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds for the Edgewater Project in Dallas County. Ms. Noland said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Caudron closed the public hearing at 11:29 a.m.

Ms. Noland then introduced an authorizing resolution for an amount not to exceed \$90,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds for the Edgewater Project in Dallas County. She said the Board adopted the inducement resolution on September 12, 2007.

RESOLUTION #07-25B

MOTION: Mr. Erickson made a motion to approve the resolution authorizing the issuance of not to exceed \$90,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds (Edgewater, A Wesley Active Life Community, LLC Project), in one or more series for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Anderson, the Board unanimously approved Resolution #07-25B.

WATER QUALITY PROGRAMS

Resolution - Planning and Design Loans

Ms. Beary introduced a resolution to approve Planning and Design Loans for Steamboat Rock and Shenandoah, for a total of \$57,500. She noted that with the adoption of this resolution, IFA

will have approved Planning and Design Loans for 133 projects totaling nearly \$36 million.

MOTION: On a motion by Ms. Bordwell and a second by Ms. Armstrong, the Board unanimously approved the Planning and Design Loan Resolution.

Ms. Beary then reported that she had included in the Board packet a listing of Planning and Design Loans and SRF construction loans that closed in FY07. She noted that IFA closed about \$31.5 million each in Clean Water and Drinking Water SRF loans, \$6.2 million in Drinking Water Planning and Design loans, and \$12.4 million in Clean Water Planning and Design loans.

Ms. Beary announced that IFA will close the \$64 million SRF bond issue on October 11, 2007.

HOUSING PROGRAMS

TIF-Backed Loan to City of Charles City

Ms. Murphy introduced Mr. Tim Fox, Executive Director of the Charles City Area Development Group. He provided some background of the program they have used in Charles City to provide housing for employees of new local businesses. He said that to date, they have built 50 new homes, 46 of which have been sold. Mr. Fox said the funding from IFA provided down payment and closing cost assistance to households with incomes at or below 80 percent of the area median income.

Mr. Fox stated that there is a need for additional housing, which is proposed for Allied Sixth Addition in Charles City. They are requesting a TIF-backed loan in the amount of \$232,300 to include both the Fifth and Sixth Additions to the city of Charles City.

Ms. Murphy said the loan would carry an interest rate of 3 percent with no interest due during the first two years, a 1 percent origination fee and a term of 15 years. She noted that proceeds of the loan would be used to provide down payment assistance to people buying homes in the Allied Fifth and Sixth Additions. She noted that the purchase price of homes assisted with the IFA loan proceeds cannot exceed the FirstHome purchase price limits in effect at the time of purchase.

MOTION: On a motion by Ms. Armstrong and a second by Mr. Erickson, the Board unanimously approved the TIF-backed loan to the city of Charles City with the terms stated in the resolution.

Mr. Caudron thanked Mr. Fox for his hard work and congratulated him on a successful program.

Request by NAHF to Reconsider Change of General Partner for LIHTC #07-21, Cherry Lane

Mr. Mills stated that in July, Mr. Jon Coons informed IFA staff that he would not be able to perform according to the plan proposed in his tax credit application for Cherry Lane Apartments and asked that Ms. Kate Ridge and National Affordable Housing Foundation (NAHF) be allowed to take over the project as a new general partner. Mr. Mills reminded the Board that they denied that request in September, mainly based on the payment of \$200,000 Mr. Coons would receive as a result of the change.

Mr. Mills reported that the parties have now restructured the plan and have asked the Board to consider the new proposal.

Mr. Mills reviewed the current Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) procedures, explaining that if a project is denied tax credits, that project can appeal the Board's decision to an administrative law judge. If the judge rules in favor of the applicant, the only remedy available to that applicant is to be placed on a waiting list for returned credits. Mr. Mills noted that there are currently three projects on the waiting list: Fairfield I & II (a project submitted by Mr. Jon Coons), Community Housing Initiatives' project in Des Moines, and Whitman Point (an assisted living project in Waterloo by Mr. Bob Burns).

Mr. Mills said that the concern of IFA staff is that if IFA begins to allow such a change before carryover, it would set a precedent that would eliminate the concept of the waiting list and invalidate the entire appeals process. He said that because of those concerns, staff recommends that the Board not reconsider the request, but rather offer to reimburse Mr. Coons the reservation fee for the timely return of the credits.

Ms. Pope introduced Ms. Kate Ridge, President of National Affordable Housing Foundation (NAHF), and Mr. Ron Pogge, an attorney with Hopkins & Huebner Law Firm. She referred to the letter in the Board packet from Mr. Coons and Ms. Ridge as well as the letter from Hopkins & Huebner Law Firm, which was distributed to the Board prior to the meeting. Ms. Pope asked that the Board allow Ms. Ridge and Mr. Pogge to present their case. Mr. Pogge explained the new proposal they have formulated, which would make NAHF a co-general partner and co-developer, with 51 percent control of the project. He said Mr. Coons would not receive any developer fees until the project was completed, and that the project would not change from the original applicaiton.

Mr. Pogge detailed the time and money that has been expended on the project and stated that NAHF has met all the requirements of IFA's QAP. Mr. Pogge responded to questions from the Board and asked that the Board approve the addition of the co-general partner despite staff recommendation.

Ms. Pope then explained that a change in general partner is a significant change in the project, which is the reason the QAP gives the Board the right to make that determination. She said that historically a change of general partner has been allowed after carryover, but based on research, it has never been done before carryover.

Vice Chair Caudron stated that, based on his understanding, the Board could make a motion to approve the transfer, deny the transfer or not vote on the issue at all. He then called for a motion.

Due to the lack of a motion, the issue was not acted upon. Following a short discussion, the following motion was made:

MOTION: Mr. Walter made a motion to offer to reimburse the reservation fee of \$60,000 to Mr. Coons in exchange for the timely return of the credits and an agreement not to appeal the decision. On a second by Ms. Bordwell, the Board unanimously approved the motion as stated.

LEGISLATIVE

Mr. Jones distributed a summary of federal legislative items and explained recent progress. He specifically referred to S.1518 and its companion bill, H.R.840, which would amend the McKinney-Vento Homeless Assistance Act to consolidate the housing assistance programs for homeless persons. He said this bill will be out of committee soon, and that the House will hold a two-day hearing on services for the homeless.

Mr. Jones also referred to H.R.1852, the FHA reform bill, which has been sent to the Senate and is expected to be on the Senate floor within a week. He said he would keep the Board informed on the movement of that bill because it could have impact on other bills that would affect housing programs.

Mr. Jones briefly summarized a few other bills and spoke about some efforts of Congress to stress homeownership education.

Mr. Jones announced that IFA has submitted a list of legislative priorities to the Governor's Office and expects a response in the next few weeks. He noted that IFA has until the end of November to prefile all bills.

COMMUNICATIONS

Ms. Lode distributed table tents that can be used by realtors at open houses and home shows and by lenders on their desks to advertise both FirstHome and Title Guaranty. She explained that the brochure also includes information inside to remind the realtor, lender and consumer of the details of both programs. Ms. Lode said the brochures were just completed and will be distributed to IFA's realtor/lender partners around the state over the next few weeks.

Ms. Lode reported that she and Ms. Beary continue to work with the Department of Natural Resources and our advertising agency to develop a common brand positioning for the SRF. She stated that the current timeline shows it will be ready in the spring, but she hopes it will be completed before then.

Ms. Lode distributed flyers announcing a book drive in conjunction with the housing conference. She said IFA is collecting new or gently used books to distribute to shelters for the homeless around the state to be used in their libraries and for people to take with them when they leave the shelter. Ms. Lode reported that there are currently 197 attendees registered for the conference.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle stated that TGD is working to get a reinsurance contract negotiated so TGD can roll out a full-service commercial department.

Mr. Ogle explained that there is not a transfer of funds at the current Board meeting, mostly because additional funds are needed for the field issue program. He noted, however, that because revenues normally increase during the fall, the hope is that the increase will create the additional funds needed and a transfer will be possible later.

Mr. Ogle also reported that TGD is still under litigation from the title plant waiver request. Because of that, the TGD Board will review the process by which it grants waivers, and will likely come to the IFA Board in the future to notice rules for dealing with waivers and variances.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Vice Chair Caudron opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Vice Chair Caudron closed the public comment period.

Vice Chair Caudron said the next meeting would be held at 10:45 a.m. on November 7, 2007, in IFA's Presentation Room.

ADJOURNMENT

There being no further business, on a motion by Mr. Adams and a second by Ms. Armstrong, the October 3, 2007, meeting of the IFA Board of Directors adjourned at 12:10 p.m.

Dated this 7th day of November 2007.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Roger J. Caudron, Vice Chair
Iowa Finance Authority